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CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

FUNCTIONS AND ACTIVITIES: The Office of Research and Reports was established by the Director of Central Intelligence [redacted] and its functions delineated in [redacted]

[redacted] The Office is responsible for carrying out the functions assigned to CIA by National Security Council Intelligence Directive No. 15, dated 22 June 1951, with respect to coordination and production of foreign economic intelligence, as follows:

Maintain a continuing review of the requirements of the United States Government for foreign economic intelligence relating to the national security, and of the facilities and arrangements available to meet those requirements, making from time to time such recommendations to the National Security Council concerning improvements as may require National Security Council action.

Insure through regular procedures that the full economic knowledge and technical talent available in the Government is brought to bear on important issues involving national security, including issues on which assistance is requested by the National Security Council or members thereof.

Evaluate, through regular procedures, the pertinence, extent, and quality of the foreign economic data available bearing on national security issues, and develop ways in which quality could be improved and gaps could be filled.

Conduct, as a service of common concern, such foreign economic research and produce such foreign economic intelligence as may be required (a) to supplement that produced by other agencies either in the appropriate discharge of their regular departmental missions or in fulfillment of assigned intelligence responsibilities; and (b) to fulfill requests of the Intelligence Advisory Committee

The Office functions through its headquarters and three staff groups (Administrative Staff, Requirements and Control Division, Reports Division) and seven producing divisions: Basic Intelligence, Geographic, Materials, Industrial, Economic Services, Economic Analysis, and Strategic. The Basic Intelligence and Geographic Divisions were established previously and transferred to ORR at its inception; their functions in administering the National Intelligence Surveys Program and in providing geographic intelligence on a world-wide basis are composites of the ORR services of common concern. The five economic divisions are responsible for fulfilling the research, advisory, and report production mission of ORR with regard to foreign economic intelligence affecting national security. In addition, the Office has established the inter-agency Economic Intelligence Committee to provide technical advice and to serve as an instrument through which CIA discharges its coordinating responsibility as set forth

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FUNCTIONS AND ACTIVITIES: (cont'd.)

in NSCID 15. Supplementing the Economic Intelligence Committee responsibilities are the subcommittees established in the various commodity and functional fields of the divisions. Through these subcommittees the divisions discharge in part the coordinating responsibility in their various fields of specialization.

The Economic Intelligence Committee is chaired by the Assistant Director, RR, and is composed of full members representing the Departments of State, Army, Navy, and Air Force. Associate members represent other government agencies such as the Economic Cooperation Administration and the Departments of Commerce and Treasury, etc. who are to participate as matters concerning them arise. Much of the Committee's work is carried on by commodity and functional subcommittees. Four such subcommittees have been set up, and it is expected that by 30 June 1952 the number will have increased to at least twelve. ORR provides the Secretariat for the Economic Intelligence Committee and all its subcommittees, and the appropriate commodity branches of ORR are responsible for subcommittee management.

All activities of the Office maintain close operating relationships with other components of CIA and with the intelligence groups of the Departments of State, Army, Navy, and Air Force, as well as with many non-IAC agencies such as the Departments of Commerce, Agriculture, Interior, the Economic Cooperation Administration, and the Army Map Service. The Office is continually engaged in the preparation of plans for and the implementation and coordination of inter-departmental research activities; it utilizes the material produced as end-result of these activities, and draws upon the resources and facilities available elsewhere within CIA. ORR devotes a major portion of its efforts to basic research, in compliance with the fourth task assigned by NSCID 15, and to research projects requested (a) by CIA components in support of operational activities and of National Estimates, (b) by the NSC, and (c) by other IAC agencies. The Geographic Division, in addition to its coordinating and research activities in the geographic intelligence field, gives substantial support to the NIS program, provides specialized cartographic and graphics support to CIA and other IAC agencies, coordinates governmental requirements for foreign map procurement and provides a map reference service through the maintenance of a current collection of foreign maps and related materials. The National Intelligence Surveys Program, administered by ORR's Basic Intelligence Division, places within the jurisdiction of CIA/ORR the full responsibility for coordination of the material produced by the various departments and agencies concerned.

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ACCOMPLISHMENTS AND OBJECTIVES: Economic Divisions and Economic Intelligence Committee - The first step in activating the ORR foreign economic intelligence program was a survey undertaken at the request of the National Security Council covering (a) the requirements of the United States Government for foreign economic intelligence related to the national security, and (b) the facilities and arrangements of the Government for fulfilling those requirements. The survey, completed in May 1951, revealed that:

Twenty-four agencies of the Government collected and analyzed substantial amounts of information concerning one or more aspects of foreign economics;

No single agency was responsible for assessing the relevance of data thus collected to problems of national security or for mobilizing these data in support of national security;

There was no system by which the data collected could be located quickly for use by a single agency;

No agency was responsible for identifying gaps in the total information available and taking action to fill the important gaps.

As a result of this survey the ORR program has received its direction. ORR provides a central spot where all economic intelligence collected and produced throughout the Government can be brought together and focused on national security issues, and it is committed to supplement the work of other agencies in filling the gaps in foreign economic intelligence that cannot be appropriately filled elsewhere.

With its presently authorized staff, ORR is forced to attack this overall task piece by piece. The major immediate problem confronting the Economic Intelligence Committee and ORR is the need for substantial additional intelligence effort on the economy of the Soviet Bloc. The importance of Soviet economic capabilities at this juncture and the difficulty in obtaining direct access to Soviet data are the highest priority on this aspect. During the current year it will be necessary to restrict the field of research endeavor primarily to the USSR and Western Satellite areas, with as much supplementary coverage of Western Europe as can be encompassed by our present staff. By final 1953 the scope will be extended to more complete coverage of Western Europe and the Eastern Satellites (Communist China and Communist Korea). Later, ORR research coverage will be extended to other parts of the world. The coverage of Communist China, alone, is expected to increase the work load and personnel requirements by a present estimate of thirty-five percent.

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ACCOMPLISHMENTS AND OBJECTIVES: (Cont'd)

Another problem of concern to ORR and also to the intelligence collecting agencies is the utilization of source material located in Washington. In the absence of a satisfactory system for exploiting material already in Washington a great deal of expensive effort may be wasted on needlessly complicated searching for data, and important questions that could be answered may remain unanswered. Very large sums of money have been spent and lives have even been risked to obtain in the field information which might be revealed by patient analysis of material already available here. In order to correct this situation, ORR has been conducting a preliminary survey of economic documents in Russian and Satellite languages now located in Washington. It hopes to uncover all important collections of material, to acquaint all important users with these collections, and ultimately to provide machinery for extracting quickly and efficiently all information relating to intelligence problems as they arise.

A third project dealing with requirements for intelligence collection in the field is being discussed with other intelligence agencies through the medium of the EIC. The collection of data must be coordinated so that: (a) the needs of all important users are taken account of in any one collection action; and (b) collection action will not be frustrated by endless prior coordination in Washington. These contradictory ends can best be reconciled by continual coordination of research work among the users of economic data and by direct contact between users and collectors. As an illustration of the need for a solution of this type, the Department of State has recently asked CIA to coordinate through the EIC all requests for collection of foreign economic intelligence layed on the Foreign Reporting Division by intelligence agencies.

Although primary responsibility for the production of intelligence relating to current developments threatening the national security rests with OCI, ORR is called upon to watch for and supply much information and interpretation of current economic events in support of OCI's activities. This support has been supplied in the past largely on an ad hoc basis, but plans are now being implemented to provide OCI with systematic coverage of major economic developments important to the interpretation of current trends and events. This calls for the assignment of a number of analysts, free from basic research responsibilities, to insure that significant developments are reported, along with the background which the technical expert can supply as to their meaning.

The major substantive undertaking of ORR, thus far, is the performance of authoritative basic research on the economy of the Soviet Orbit. In the past, the Government has depended on broad generalizations and

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estimates of economic factors that were prepared on the basis of limited evidence and ad hoc analysis. The aim of ORR is to find all the facts available and submit them to exhaustive analysis in order to arrive at the firmest conclusions possible. This work, in many cases, involves elaborate fitting together of many small fragments of information in order to arrive at a single aggregate figure or conclusion. Although such an approach consumes both time and personnel, it is essential at this time because of the importance of knowing the economic capabilities of the Soviet Orbit vis-a-vis the non-Soviet world and because of our inability to obtain the relevant data by more simple methods. The first step in this undertaking was an industry-by-industry and commodity-by-commodity inventory of the knowledge already available, with particular attention to identification of the important gaps in that knowledge. This was followed by a similar inventory covering the European Satellites. The work has been performed by "task forces" composed of personnel from all economic divisions. Resulting studies have shown that to focus on supposed bottlenecks within an industry or phase thereof to determine the limiting factors in the economy is illusory in that it is not the capacity of a particular facility or the availability of a particular commodity which ultimately limits the capabilities of the Soviet so much as its total resources and its ability to organize them effectively. Therefore, to determine the capability of the economy the economic intelligence program must cover all phases--both broad and minute. As an example, the nature of the evidence available in a study of the steel industry and its relation to the overall economy is such that there must be a greater diversity of effort on bits and pieces of information available regarding the Soviet Bloc than is necessary in a study of a foreign area such as France where there are published data and statistics readily available.

The economic divisions are now entering a period of intensive research designed to fill the most important gaps identified in the course of the inventory of our knowledge of the Soviet economy. One division has estimated that this project, if related only to "top priority" gaps and to data available in Washington, will require [REDACTED] Within six months another inventory will be made in order to find out how well the gaps have been filled and to identify those parts of our knowledge that are the weakest. This work is being coordinated with that of the other agencies via the EIC. In the meantime, the economic divisions are carrying out their continuous program of economic intelligence research in support of other CIA operational activities and in response to requests of the Intelligence Advisory Committee.

Foreign economic intelligence serves at least five purposes supporting the design of policies to preserve

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our national security. These purposes, which constitute the objectives of the ORR economic program, through coordination and research, are as follows:

- (1) To estimate the magnitude of possible present or future military or other threats to ourselves and our allies. A potential enemy can undertake successfully only those military operations which its economy is capable of sustaining. In the very short run, its strength may be measured in terms of the manpower which it can mobilize and the stocks of finished weapons of war and military supplies which it has on hand. Increasingly in modern times, however, military potential for anything but the briefest campaigns has come to depend upon the total economic resources available to a nation, including those necessary to support the civilian economy as well as those necessary to produce and operate the instruments of war. A clear picture of the magnitude of the present and possible future military or other threat is needed to guide us as to the overall magnitude of the defense effort in which we must engage in the event of war.
- (2) To estimate the character and location of possible present or future military or other threats. Decisions which the USSR or any other potential enemy make with regard to how they will allocate their resources limit what they choose to do. If they elect to invest largely in military installations in the Far East, their potential for attack in Europe is correspondingly restricted. This is not a matter of judging their intentions but rather of seeing what limitations are placed on the course of action open to them in the future by decisions which they make today about the allocation of total resources. By thus estimating the potentials of military or other threats the defense effort may be planned better to protect against real rather than imaginary dangers.
- (3) To assist in estimating, within the range of possibility, the intentions of the USSR or any other potential enemy. The economic resources of the enemy and their present distribution permit him to select any of a range of possible or probable courses of action. Within this range certain economic events may furnish indications as to which alternatives the Soviets intent to pursue and where and when. These indications may be very important for the adjustment of defense preparations to meet the most probable dangers.
- (4) To help policy-makers decide what can be done to reduce possible or probable military or other threats by impairing an enemy's economic capabilities to carry them out. This includes measures that can be taken to weaken him in advance of hostilities and thus delay or prevent his decision to engage

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in them, as well as measures to weaken or destroy the economic basis of his military power should he choose to commit it in general war. Economic intelligence can help in suggesting such measures, in estimating their effectiveness, and in forecasting the enemy's probable reaction to them.

(5) To assist in estimating the probable development of the relative strengths of the East and the West over the next few years if global hostilities are avoided. These comparisons would guide United States policy-makers in designing a political policy which will have the best chance of achieving our objective without hostilities. Essential to the planning of such a policy is the most accurate estimate possible of the relative economic strengths of both sides. There are equally grave dangers in a serious underestimate and in a serious overestimate of future Soviet economic strength. Either will produce policies more likely to bring on war than will an accurate estimate. The evaluation of Soviet strength implicit in various of the proposals for United States policy now being advanced in this country varies widely from great economic weaknesses to very considerable economic power. A prime goal of authoritative economic intelligence is to provide the information that will narrow the "guess area".

Basic Intelligence Division - In accordance with NSCID 3, 13 January 1948, Basic Intelligence Division has continued its coordination, guidance, and production of the National Intelligence Surveys which are studies to provide a concise digest of basic intelligence. This basic intelligence is required (1) by the Department of Defense for strategic planning and high-level operational planning, and (2) by the Department of State for use in formulating and executing United States foreign policy. In fulfilling its production schedule, the Basic Intelligence Division will have published the equivalent of ten complete NIS. This production is based on current and past experience plus the estimates of those agencies contributing their respective sections to the program. However, the experience factor developed in the promulgation of the studies continues to indicate that more man-hours are required to produce the equivalent of one NIS than was estimated in FY 1951. Also, as more NIS become extant, the maintenance problem increases. In addition to the actual production which has been accomplished, the Basic Intelligence Division has succeeded in improving the quality of the product in the responsible agency. But, due to insufficient manpower, this improvement has not been carried forward to the extent necessary for most efficient utilization of manpower available in the contributing agencies.

In FY 1953 it is anticipated that, in accordance with the plans of the NIS Committee and with JCS

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Basic Intelligence Division (Cont'd)

priorities, the program will be continued on the basis of ten complete NIS to be produced that year. The maintenance problem will have increased as a result of those NIS published in Fiscal Year 1952. The methodology used by and the quality of the product submitted by the contributing agencies will be under constant scrutiny to ascertain that the most efficient methods and the best product comes from the contributor in the first instance. This guidance will require additional editorial support in Basic Intelligence Division in order that the chapter editors will be available to engage in and advise on the primary stages of production to insure that from inception the originating analysts will work along these lines which meet the requirements of the NIS mission. Likewise, increased maintenance of already published surveys will require additional manpower in the publishing phase of the NIS program.

Geographic Division - During Fiscal Year 1952 the Geographic Division, as an inter-departmental map and intelligence facility, has accomplished the following broad programs: provided geographic research support to other CIA components in support of operational projects and intelligence publications; advised and assisted intelligence offices in the interpretation and analysis of geographic, locational, and mapping information; prepared intelligence reports on the status of foreign mapping activities and plans, including Soviet capabilities in this field; provided technical interpretations of territorial claims and boundary questions. Particularly for CIA it has compiled and constructed special maps for intelligence reports; for presentation purposes, and for other specific intelligence requirements such as field operations. In support of the National Intelligence Surveys Program, the Division has assisted by coordinating and contributing to map and chart appraisal chapters and by preparing standard base and final maps for inclusion in NIS publications. Finally the Geographic Division coordinated inter-agency requirements for the procurement of foreign maps and related materials both abroad and domestically, and maintained a current selected working reference collection of maps, atlases, and related materials on foreign areas as a service to intelligence offices within the Government.

In FY 1953 there is expected no radical departure from the activities performed. However, several indicators point toward an increased work load as greater emphasis is forced on existing programs. In the field of cartography there will be increased work in the production of maps necessary to the support of CIA planning and implementation of field operations and ORR economic projects. Long-range programs such as the production of a specialized intelligence map, in twenty-four sheets, for the Soviet Bloc area will be undertaken. In the field of map collection, expansion in the exploiting of domestic sources will be pushed forward in conjunction with OO in support of Government mapping requirements. In the field of geographic intelligence

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Geographic Division (Cont'd)

greater demands for detailed area studies to meet E&E requirements of OPC and analyses in support of OSI are scheduled. More emphasis will be required on research concerning the Soviet Bloc. Monitoring, review of results and final reports and estimates based on these results will be required to utilize the efforts of [REDACTED] as it fulfills its contract with CIA. The functional organization of the economic divisions of ORR makes it necessary to place within the Geographic Division the responsibility for an expanded effort on the economic geography of special regions and areas.

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DESCRIPTION OF ACTIVITIESOffice of the Assistant Director and Staff Functions

The offices of the Assistant Director and Staff provide such substantive and administrative services as required by the Assistant Director in performance of his functions. In addition to the immediate staff of the Assistant Director, which includes provision for one secretariat for the Economic Intelligence Committee, there are the Administrative Staff, Requirements and Control Division, and Reports Division. The Administrative Staff provides administrative management, personnel support and devises training procedures for the office.

All consultant panels are under the direction of the Office of the Assistant Director and administratively managed by this Staff to insure that the most efficient exploitation of their fields of specialization is made by the various economic divisions and CIA.

The Requirements and Control Division initiates and coordinates intelligence requirements and the collection directives necessary to fill such requirements; is responsible for the immediate and accurate transmission of incoming intelligence materials to the analysts of primary and secondary interest; and monitors the Sovmat program as it pertains to ORR.

The Reports Division is responsible for the initiation and formulation of ORR projects, the review and publication of the resultant studies; and developing the External Research Program to utilize non-governmental facilities to supplement the ORR program and providing support to the Department of State External Research Program.

Basic Intelligence Division

The Basic Intelligence Division consists of two branches, Editorial and Production. The Editorial Branch coordinates and guides the preparation of sections of the NIS by the contributors and performs the final review and editing of the final NIS product. The Production Branch proofs, collates, supervises the printing and final publishing of the National Intelligence Surveys.

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DESCRIPTION OF ACTIVITIES (Cont'd)Geographic Division

The Geographic Division in carrying out its function as an inter-Departmental map and Geographic intelligence facility contains three branches: Cartographic, Analysis, and Map Library. The Cartographic Branch does research on foreign cartographic techniques and compiles and constructs special maps for intelligence reports, for presentation purposes, and for other specific intelligence requirements such as the NIS program and CIA field operations. The Analysis Branch maintains geographic research facilities to provide support to CIA field operations and intelligence publications; to interpret and analyze geographic, locational, and map information; and to do specific studies in its field of responsibility. The Map Library Branch is responsible for the direction of both procurement of foreign maps, atlases, and related material both domestically and abroad; and for the maintenance of a working reference collection necessary to service the intelligence facilities of the Government.

Economic Divisions

The economic divisions are responsible for the production and coordination of foreign economic intelligence in their fields of responsibilities. Their programs must be geared to meet four major types of activities. First, they must build up through continuing basic research the solid foundation of foreign economic intelligence required for assessing capabilities, vulnerabilities, and intentions. Second, they must provide continual intelligence support as required by CIA and other Intelligence Advisory Committee agencies for intelligence estimates, intelligence operations, and policy formulation. Third, they must review the impact on national security of current economic developments. Fourth, they must serve as a focal point for all foreign economic intelligence being performed elsewhere within their respective fields of responsibility. In performing the last function, each analyst is responsible for knowing what is being done in his functional field outside ORR, for serving as a central point of reference, for reviewing and assessing adequacy of collection and facilities, and for locating source materials and facilitating exploitation of these materials. The economic divisions provide secretariats for all subcommittees of the Economic Intelligence Committee. They are also responsible for exploiting intelligence expertise outside the Government by organizing and utilizing consultant panels. The intensive research programs are currently focussed primarily on the USSR and its European Satellites, with plans for gradual expansion into other areas.

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DESCRIPTION OF ACTIVITIES (Cont'd)

Economic Divisions (Cont'd)

The Materials Division contains seven branches: Ferrous Metals and Minerals, Non-Ferrous Metals and Minerals, Solid Fuels, Food and Agriculture, Chemicals, Petroleum, and Special Commodities. This Division is primarily concerned with raw materials and basic commodities, including rates of production, stockpiling, location of resources, reserves in the ground, processing facilities, and requirements for production and consumption.

The Industrial Division contains eight branches: Ammunition, Weapons, Production Equipment, Aircraft, Capital Goods, Electrical Equipment, Shipbuilding, and Industrial Project. Though the research and analysis functions are similar the problems facing the Industrial Division are fundamentally different from those facing the Materials Division since the former deals with manufactured products—most of which are durable goods, production facilities, methods of production, and the manufacturing structure in general. This Division is primarily concerned with finished and capital goods, including production rates, stocks, production facilities, investment, plant location, and requirements for production and consumption.

The Economic Services Division contains seven branches: Transportation, Construction, Trade and Finance, Labor and Manpower, Electric Power, and Economic Organizations. The problems facing the Economic Services Division are also largely unique in that it deals with the intangible goods of an economy. This Division is primarily concerned with communication and transportation networks and facilities, communications facilities, internal and external commercial transactions, supply and utilization of manpower, public utilities, and organization of foreign economies.

The Economic Analysis Division contains six branches: Economic Capabilities, Economic Strategy, Techniques and Methods, Export Control, Economic Warfare, and Foreign Economic Programs. The first two branches are concerned with guiding and preparing overall analyses of economic capabilities and vulnerabilities. An important part of their task is to guide functional research in the directions relevant to studies of capabilities and vulnerabilities. The Techniques and Methods Branch devises and tests the analytical procedures required by functional analysts. This Branch is making striking progress in the development of [REDACTED]

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DESCRIPTION OF ACTIVITIES (Cont'd)

Economic Divisions (Cont'd)

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[REDACTED] The Export Control, Economic Warfare, and Foreign Economic Programs Branches are responsible for intelligence support to governmental bodies concerned with policy in these areas and to operational activities, within CIA; and for the coordination of intelligence on strategic materials.

The Strategic Division is engaged in the processing and production of current and basic economic intelligence of special areas under the direction of the Assistant Director for ORR. Its functions include research and analysis, critical review, publication, operational liaison, and coordination activities. The Division maintains substantive and policy relations with other ORR components, OCI, OPC, OSO, and OCD, and the members of the Intelligence Advisory Committee.

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